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BUREAU OF LAND MANAGEMENT

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FEB 16 2006

IN REPLY PLEASE REFER TO:

3420

UTU-84285

(UT-923)

DIV. OF OIL, GAS & MINING

CERTIFIED MAIL—Return Receipt Requested

FEB 14 2006

Alice Carlton
Forest Service
Manti-La Sal National Forest
599 West Price River Road
Price, Utah 84501

Handwritten signature
c/cis/0018

Subject: Mill Fork West Lease by Application (LBA), UTU-84285

Bureau of Land Management (BLM) received an application from InterWest Mining Company (Interwest), a subsidiary of PacifiCorp, for leasing of some 180 acres of underground coal resources. The lease application area is adjacent to the west boundary of the School & Institutional Trust Land Administration (SITLA) Mill Fork Lease held by PacifiCorp. The submittal letter from Interwest indicates a copy was sent separately to your offices.

BLM, the State of Utah, and Forest Service personnel have reviewed the application and determined the tract as proposed is the best configuration. The attached memorandum summarizes this tract delineation.

The proposed LBA will allow PacifiCorp to recover some additional coal next to the Joe's Valley Fault which will otherwise be lost. This change, to enable recovery of additional coal, is due to a more exact understanding of the location of the Joe's Valley Fault at the depth of the coal seam(s) and will allow for an extended effort to recover more of this valued energy resource, some 332,776 tons from the requested LBA. Further, with this LBA, additional coal tonnage can then also be recovered from the SITLA Mill Fork lease. The proposed mining honors the existing Mill Fork Lease defined commitment to leave a buffer adjacent to the fault in this location. No surface disturbing activity is anticipated due to this LBA.

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BLM personnel are available to discuss this proposed Mill Fork West LBA as needed. In accordance with the Interagency Agreement for Mineral Leasing, we request the Forest Service to forward your recommendation/consent decision within 60 days of this request or provide BLM with a date to expect a response and give a reason for the delay.

If you have any questions, please contact Jeff McKenzie at (801) 539-4038 or Steve Rigby at (435) 636-3604.

JAMES F KOHLER

James F. Kohler
Branch Chief, Solid Minerals

Attachment:
Mill Fork West Treack

Cc:
PFO
Tom Faddies, SITLA
Utah Division of Oil, Gas, & Mining

JM-SABLMFS2-14-06

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Mill Fork West Tract Delineation
Summary of the Meeting Held* on 30 January 2006

The participants agreed after discussion that:

1. The tract as delineated by the LBA proponent (PacifiCorp) is an acceptable delineation for this LBA.
 - a. The common corner between the parts labeled on the PacifiCorp map as E2W2E2 and W2E2SE4 meets the requirement that the LBA be contiguous at one or more points.
 - b. The inclusion of some additional full extraction mining will not change the Forest Service assessment of the LBA as long as the 22.5 degree angle of draw buffer from the surface expression of the fault is maintained (the surface expression as now shown by PacifiCorp after further detailed evaluation).
2. The area to the south of the area included by the proponent will not be added / included in the proposed LBA at this time, pending discussions with the solicitors.

After additional internal BLM discussions, it appears very unlikely the limited access for the needed entries can be approved.

3. Steve Rigby will design an alternative mine layout for the 15th West Longwall panel (completed and to be discussed with PacifiCorp).

Steve Rigby prepared an alternative 15th West Longwall panel and discussed it with PacifiCorp. However, the conclusion was that without the LBA, the alternative layout would not provide for an adequate bleeder ventilation system through the area

* By conference call.

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